



Joint Legislative Audit Committee  
Office of the Auditor General

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**FINANCIAL AUDIT REPORT**  
**STATE, URBAN, AND COASTAL PARK FUND**  
**YEAR ENDED JUNE 30, 1979**

REPORT TO THE  
CALIFORNIA LEGISLATURE

REPORT **F-820-742**

REPORT OF THE  
OFFICE OF THE AUDITOR GENERAL  
TO THE  
JOINT LEGISLATIVE AUDIT COMMITTEE

820-742

FINANCIAL AUDIT REPORT  
STATE, URBAN, AND COASTAL PARK FUND  
YEAR ENDED JUNE 30, 1979

OCTOBER 1980



# California Legislature

## Joint Legislative Audit Committee

GOVERNMENT CODE SECTION 10500 et al

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S. FLOYD MORI  
CHAIRMAN

November 21, 1980

820-742

The Honorable Speaker of the Assembly  
The Honorable President pro Tempore of the Senate  
The Honorable Members of the Senate and the  
Assembly of the Legislature of California

Members of the Legislature:

Your Joint Legislative Audit Committee respectfully submits the Auditor General's financial audit report of the State, Urban, and Coastal Park Fund, year ended June 30, 1979.

The auditors are Curt Davis, CPA; Michael C. Dendorfer, CPA; Sandra Bevers; and Laurine Bohamera.

Respectfully submitted,

S. FLOYD MORI  
Chairman, Joint Legislative  
Audit Committee

Attachment

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## INTRODUCTION

In response to a resolution of the Joint Legislative Audit Committee and in compliance with federal Office of Revenue Sharing regulations, we have conducted a financial audit of the State, Urban, and Coastal Park Fund. This audit was conducted under the authority vested in the Auditor General by Sections 10527 and 10528 of the Government Code.

The State, Urban, and Coastal Park Fund was created as a depository for monies collected from the sale of bonds issued pursuant to the Nejedly-Hart State, Urban, and Coastal Park Bond Act of 1976. This bond act provided for the sale of bonds in the amount of \$280 million. Of this amount, \$270 million was deposited in the State, Urban, and Coastal Park Fund, and \$10 million was deposited in the State Coastal Conservancy Fund. The proceeds of the bond issue are to be used to acquire, develop, and restore real property for park, beach, recreational, and historical resources.

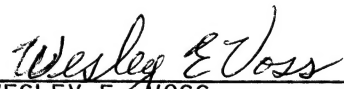
The agencies responsible for administering the fund include the Department of Parks and Recreation, the Department of Boating and Waterways, the Wildlife Conservation Board, the Department of Water Resources, and the State Treasurer.

AUDITOR'S OPINION

To the Joint Legislative Audit Committee of the California Legislature:

We have examined the balance sheet of the State, Urban, and Coastal Park Fund as of June 30, 1979 and the related statements of revenues, expenditures, and changes in fund balance for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned financial statements present fairly the financial position of the State, Urban, and Coastal Park Fund as of June 30, 1979 and the results of operations for the year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

  
\_\_\_\_\_  
WESLEY E. VOSS  
Assistant Auditor General

Date: March 7, 1980

Staff: Curt Davis, CPA  
Michael Dendorfer, CPA  
Sandra Bevers  
Laurine Bohamera

STATE OF CALIFORNIA  
STATE, URBAN, AND COASTAL PARK FUND  
BALANCE SHEET  
CAPITAL PROJECTS FUND

JUNE 30, 1979

ASSETS

|      |                     |
|------|---------------------|
| Cash | <u>\$72,181,444</u> |
|------|---------------------|

LIABILITIES, ENCUMBRANCES  
OUTSTANDING, AND FUND EQUITY

Liabilities:

|                    |              |
|--------------------|--------------|
| Accounts payable   | \$ 5,428,475 |
| Due to other funds | <u>9,353</u> |

|                   |                  |
|-------------------|------------------|
| Total Liabilities | <u>5,437,828</u> |
|-------------------|------------------|

|                          |                   |
|--------------------------|-------------------|
| Encumbrances Outstanding | <u>34,003,399</u> |
|--------------------------|-------------------|

Fund Equity:

|                                  |                   |
|----------------------------------|-------------------|
| Reserve for financing bond sales | 217,830           |
| Fund balance                     | <u>32,522,387</u> |

|                   |                   |
|-------------------|-------------------|
| Total Fund Equity | <u>32,740,217</u> |
|-------------------|-------------------|

|   |                     |
|---|---------------------|
| Total Liabilities, Encumbrances<br>Outstanding, and Fund Equity | <u>\$72,181,444</u> |
|---|---------------------|

The notes to the financial statements are an integral part of  
this statement.

STATE OF CALIFORNIA

STATE, URBAN, AND COASTAL PARK FUND  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
CAPITAL PROJECTS FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 1979

Revenues:

|                |    |    |
|----------------|----|----|
| Total Revenues | \$ | -- |
|----------------|----|----|

Expenditures:

|                        |               |
|------------------------|---------------|
| Capital outlay         | 27,162,413    |
| Local assistance       | 23,230,407    |
| Operating expenditures | <u>11,931</u> |

|                    |                   |
|--------------------|-------------------|
| Total Expenditures | <u>50,404,751</u> |
|--------------------|-------------------|

|   |              |
|---|--------------|
| Excess of Expenditures<br>over Revenues | (50,404,751) |
|---|--------------|

Other Financing Sources:

|                                      |                   |
|--------------------------------------|-------------------|
| Proceeds of general obligation bonds | <u>38,050,000</u> |
|--------------------------------------|-------------------|

|   |              |
|---|--------------|
| Excess of Expenditures<br>over Revenues and Other Sources | (12,354,751) |
|---|--------------|

|                      |                   |
|----------------------|-------------------|
| Fund Balance--July 1 | <u>44,877,138</u> |
|----------------------|-------------------|

|                       |                             |
|-----------------------|-----------------------------|
| Fund Balance--June 30 | <u><u>\$ 32,522,387</u></u> |
|-----------------------|-----------------------------|

The notes to the financial statements are an integral part of  
this statement.



STATE, URBAN, AND COASTAL PARK FUND  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1979

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements reflect the financial position and the results of operations of the State, Urban, and Coastal Park Fund. The statements have been prepared in conformity with generally accepted accounting principles applicable to state and local governments as prescribed by both the American Institute of Certified Public Accountants and the National Council on Governmental Accounting.

The accompanying financial statements are structured into a Governmental Fund Type, through which most governmental functions are financed. The acquisition, use, and balances of the government's expendable financial resources and the related current liabilities--except those accounted for in Proprietary Funds--are accounted for through governmental funds. Included in this category are Capital Project Funds.

The State, Urban, and Coastal Park Fund is a Capital Projects Fund used to account for financial resources for the acquisition and construction of capital facilities, and its records are maintained on a modified accrual basis of accounting. These are some of the more significant elements:

Income

Throughout the fiscal year, all income is accounted for on a cash basis. At June 30, the accounts are adjusted to accrue all earned but uncollected income.

Expenditures

Expenditures are accounted for at the time claims for payment are filed with the State Controller. At June 30, all valid expenditure commitments are accrued as expenditures, including encumbrances outstanding against budget appropriations for which no goods or services have been received.

### Bond Proceeds

On November 2, 1976, the electorate approved a \$280 million bond issue to be used to acquire, develop, and restore real property for park, beach, recreational, and historical resources. The State, Urban, and Coastal Park Fund was created as the depository for \$270 million, while the State Coastal Conservancy Fund holds the remaining \$10 million. At June 30, 1979, all but \$155 million of the bonds had been issued; \$120,750,000 of this amount was still outstanding. Bond redemption and interest expenses are paid from the State's General Fund.

#### OTHER INFORMATION

Management letters describing suggested improvements were issued to appropriate departments or agencies in conjunction with certain recommended adjusting entries necessary to achieve compliance with generally accepted accounting principles.

cc: Members of the Legislature  
Office of the Governor  
Office of the Lieutenant Governor  
Secretary of State  
State Controller  
State Treasurer  
Legislative Analyst  
Director of Finance  
Assembly Office of Research  
Senate Office of Research  
Assembly Majority/Minority Consultants  
Senate Majority/Minority Consultants  
California State Department Heads  
Capitol Press Corps